

Headquarters U. S. Air Force

Integrity - Service - Excellence

USAF Information Technology Commodity Council



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ITCC VISION/MISSION

■ Vision:

One Air Force...One Network...One IT Business Strategy

■ Mission:

Develop IT commodity strategies which shape Air Force buying and asset management behavior to leverage Air Force buying power and reduce total cost of ownership.

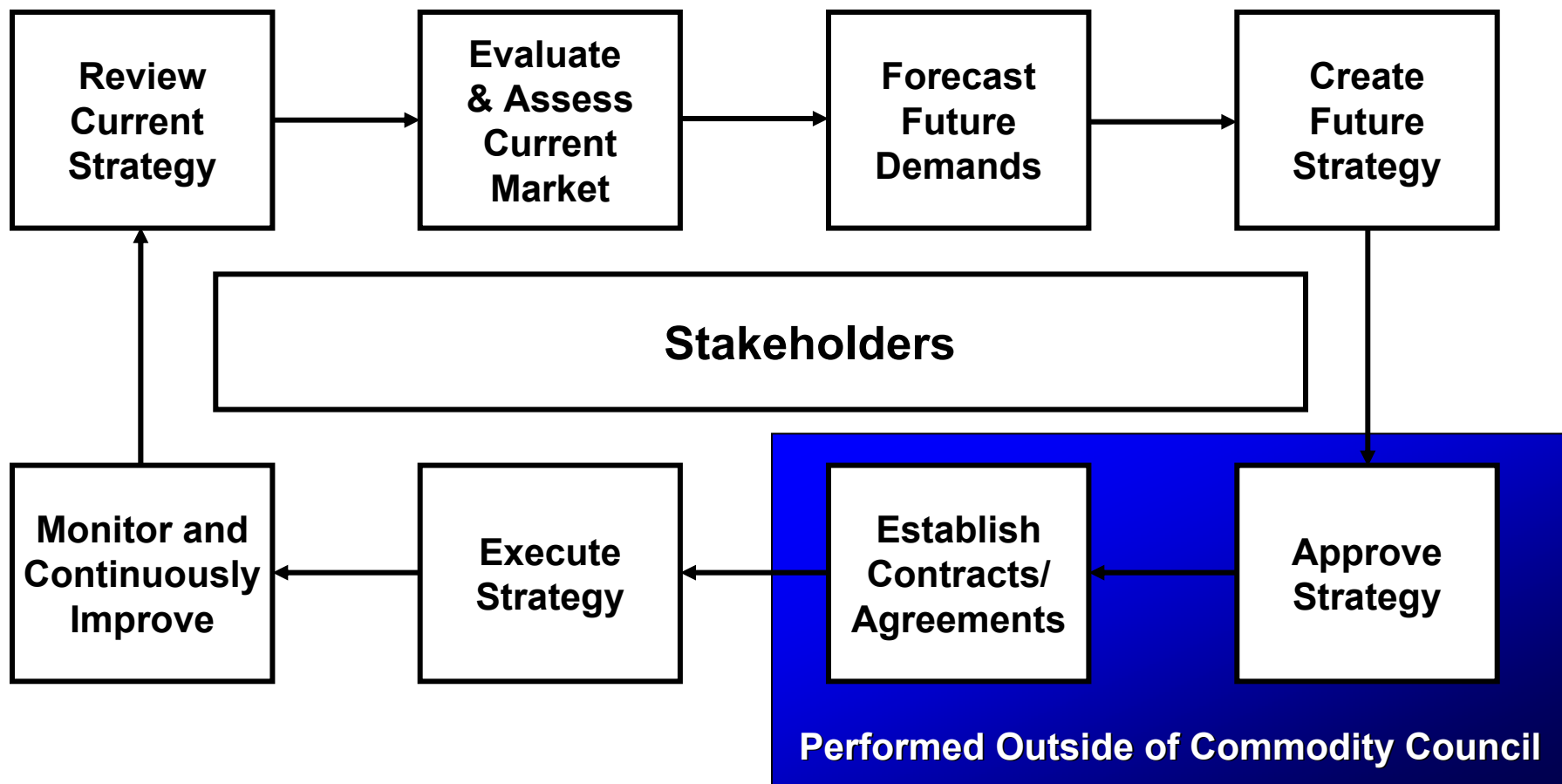


FY 03: We stood up the first USAF commodity council—for IT

- **ITCC stood up: 21 Jul 03**
 - **Developed commodity strategy for Desktops/Laptops**
 - **Completed “trial” end-of-year PC buy**
 - **Established AF “Mainstream” configurations**
 - **Bought 12,500 computers instead of 10,000 for same budget**
 - **\$20M -- 6 MAJCOMs pooled to buy 29,154 desktops instead of 17,360**
 - **At least \$6M in cost avoidance**
 - **Rolling out “approved” Desktop/Laptop strategy**
 - **Establishing new enterprise BPAs**
 - **Updated purchasing process for mainstream PC’s**
 - **Incorporate life-cycle initiatives (e.g. disposal)**
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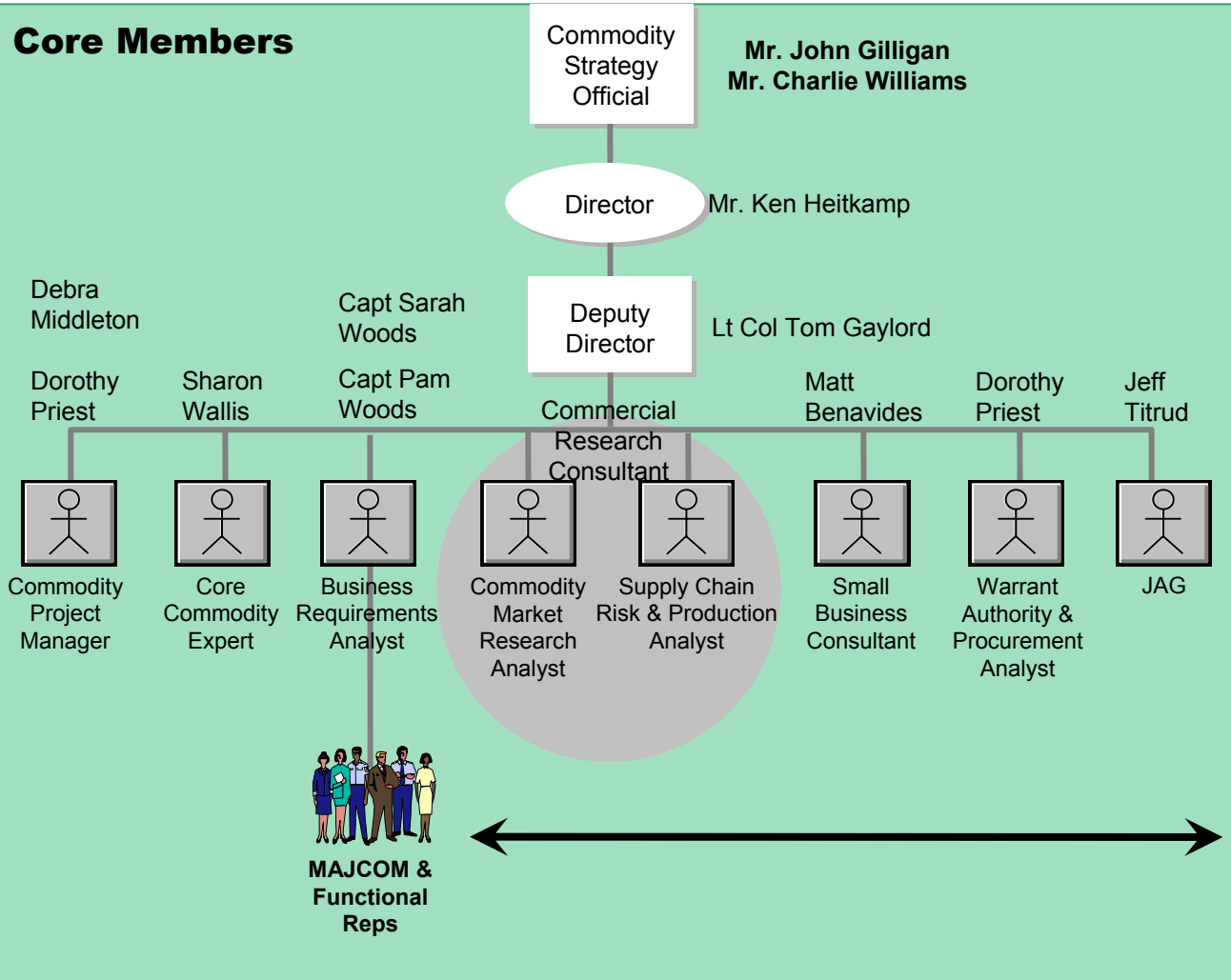
ITCC STRATEGY DEVELOPMENT PROCESS





ITCC GOVERNANCE: Organization

Core Members



Advisors

- AF-CIO/PT
- SAF/AQCA
- DoD ESI WG
- EXCOM
- JAG
- Commodity Regulatory Expert
- Standards & Architecture Experts
- Business Process Analysts
- Commodity Experts
- Policy Experts
- Industry Commodity Consultants
- HQ AF Commodity User Reps
- Org Change Mgr & Training for ITCC Process
- Commodity Cost & Pricing Data Analyst
- Economic Analyst
- Financial Analyst

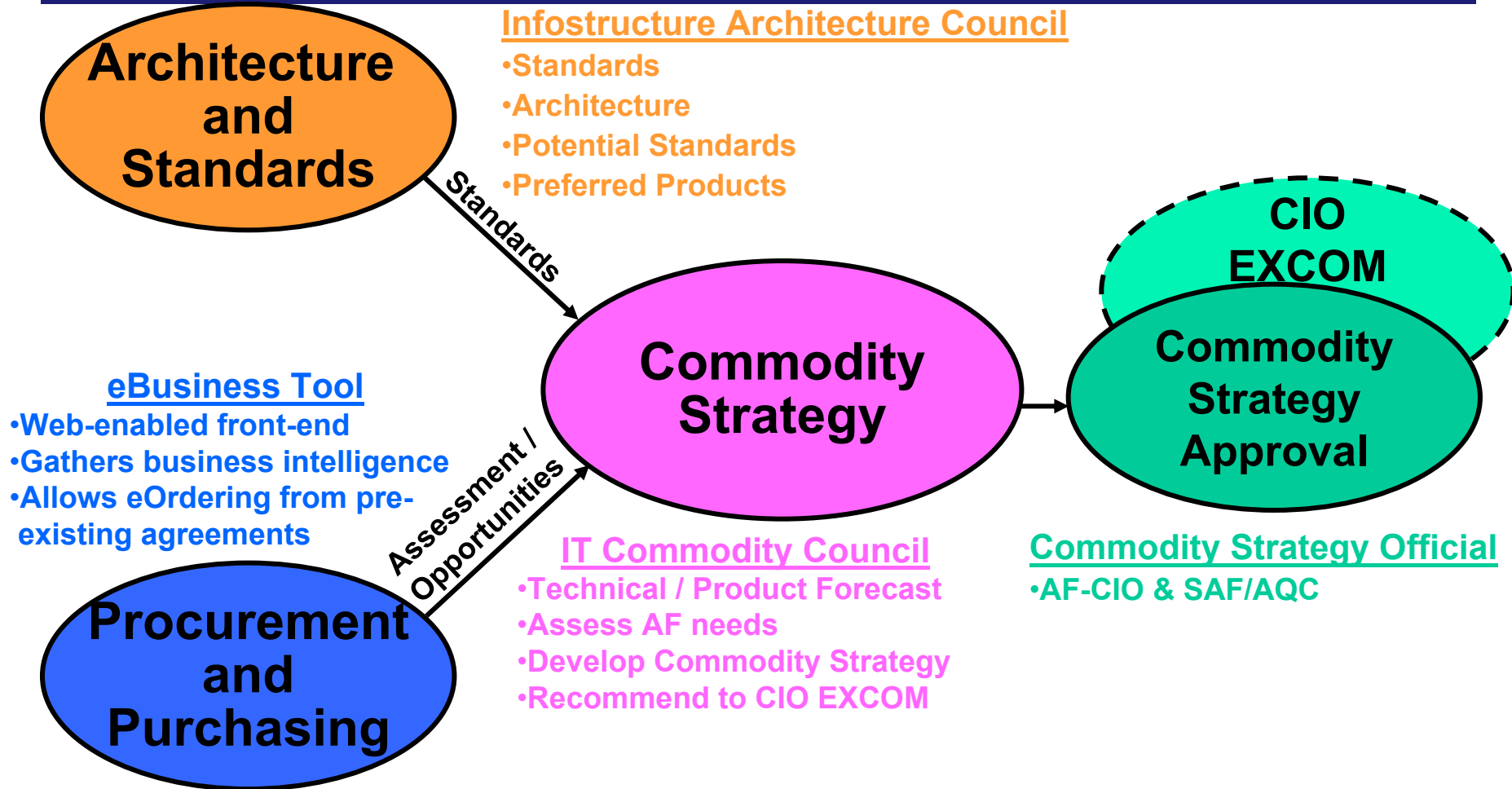
MAJCOM/Functional Reps/ Commodity Stakeholders

ACC	AFSPC	AF/ILC
AETC	ANG	AF/XIC
AMC	PACAF	AF/XIW
AFMC	USAFE	SAF/AQC
AFRC	AF/SG	AF-CIO
AFSOC	SAF/FM	SSG
		AFCA

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ITCC GOVERNANCE: Structure





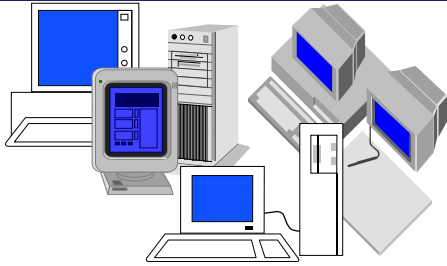
CONCEPT OF OPERATIONS

Original May 2003 Planned Schedule

ID	Task Name	April	May	June	July	August	September	October	November	December	January	February
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
1	Establish ITCC Team Membership		■									
7	Air Staff Stand Up Coordination		■									
18	Additional Air Staff Coordination			■								
21	CAMP Template		■	■								
25	Acquisition Authority Delegation		■	■								
29	Establish Team Collaboration Capability		■	■								
36	ITCC Formal Standup		■	■								
44	ITCC Marketing/Communication Opportunities											
49	Desktop/Laptop Commodity Strategy			■	■	■	■	■	■	■		
50	Review Current Strategy			■	■							
57	Evaluate & Assess Current Market			■	■	■						
70	Forecast Future Demands			■	■	■	■					
76	Create Future Strategy					■	■	■				
85	Roll Out Strategy						■	■	■			
89	Establish Contractual Instruments						■	■	■	■		
96	I/O Peripherals Commodity Strategy					■	■	■	■	■	■	■
97	Review Current Strategy					■	■					
104	Evaluate & Assess Current Market					■	■	■				
117	Forecast Future Demands					■	■	■				
123	Create Future Strategy						■	■	■			
132	Roll Out Strategy							■	■	■		
136	Establish Contractual Instruments								■	■	■	■



Major Buying Strategy Pillars

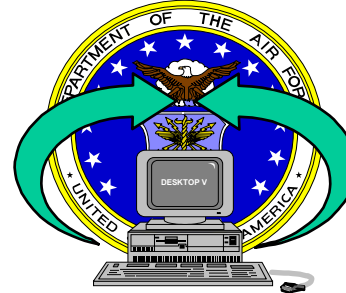


E-procurement with AFWay



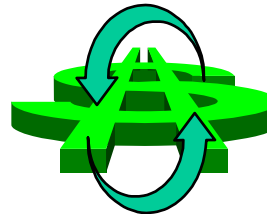
MAJCOM Co-operative Buying

- Mainstream Configs
- Leverage Spend
- Best value
- Spot bid



USAF “Mainstream” Configurations

- Buying standards (3-4 yr life)
- Operational standards for life cycle
- Program offices expected to use



Technology Refreshment

- Keep pace with market
- Carefully consider architectural changes

Leverage Spend with Tiered Pricing/Spot Bids

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QUARTERLY AF ITCC MAINSTREAM PC CO-OP BUY PROCESS

Individual Orders
For Mainstream

PHASE I
Register Order in
AFWay Shopping Cart

PHASE II
Research,
Comparison,
Decision

PHASE III
Execute
Bulk Order

I want and can justify . . .

- Brand X
- Best Value for Me
- Best Value for My Base
- Best Value for My COM

MAJCOM
Guidance/Policy

I want whatever the
ITCC Cooperative
selects as the Best
Value(s) for the Air
Force/DoD

**AF IT
Coop
RFQ**

Spot Bid

ITCC

Vendor
"C & D"

**AF Coop
Bulk
Order**

Electronic Bulk Orders

Q1/Day 1 Q1/Day 30 Q1/Day 60 Q1/Day 85 Q1/Day 90

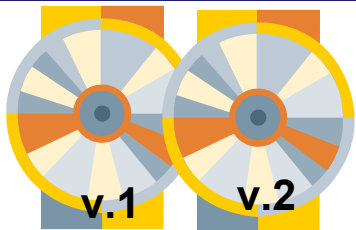
Tiered Pricing Updated Monthly

USAF Mainstream Configuration Updated Quarterly

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Life-cycle Strategy Pillars



AF Software

Image Management

- AF Common Configuration
- Standard System Mgt
- Get current, stay current



Disposition Planning and Services

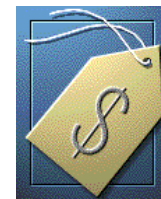
- Trade In
- Disposal



Planned 3-4 Yr lifecycles



Centralized POM & AF Funding of Enterprise S/W Licenses



Asset Tagging and Electronic Data Capture



Policy Implementation

- **Joint AF-CIO and SAF/AQC policy in final coordination**
 - **Mandates use of Quarterly Enterprise Buy Process**
 - **Mandates use of buying standards**
 - **Establishes SB spending targets for MAJCOM and Enterprise Buy Process**



WHAT'S NEXT: DIGITAL PRINTING AND IMAGING



The Opportunity – Output Infrastructure Gets Little Attention

- **We really do not track and manage spending on printing & imaging!**
 - **Don't really know how many hardcopy devices are in the Air Force**
 - **Don't know annual spend for hardware, software, consumables, manpower**
 - **No AF guidelines on buying standard, usage, training, networking architecture**
 - **Don't use web and network tools to troubleshoot devices remotely**
 - **Don't track hardcopy costs AF-wide**
- **Early assessment indicates that *document output fleet spending could be reduced by 10% to 30% while increasing the level of service provided to users***



HOW BIG IS THE OPPORTUNITY?

Consider an ITCC estimate of US Air Force Copier/Printer Spend

Printer Spend \$40M

Consumables \$93M

Copier/Copies \$28M

Paper Spend \$18M

Plus an additional 50% hidden cost = \$268M

20% savings = \$ 53.6M annually

Assumptions

- Population (658,114)
- Employee to printer ratio (5:1)
- .03 cpp, \$1250 average cost per printer
- 25% turnover rate, 12,500 pages printed/yr.
- Copiers (47.4:1 ratio), \$150 lease/month
- .01 cpc, 100 copies/day



DIGITAL PRINTING & IMAGING STRATEGY OBJECTIVES

- **Meet USAF Mission Requirements with Top Down Strategy**
 - Provide equal or better DPI services to AF users
 - Realign military resources to support inherently military missions
 - **Lower Air Force TCO for Net-Centric DPI capabilities**
 - Leverage purchasing power
 - Develop supplier relationship
 - Reduce number of devices to simplify training, installation, maintenance and service
 - Drive down consumable costs and supply inventories
 - Leverage the network to automate and centralize fleet management
 - Improve DPI data collection capabilities
 - **Get the Right Information to Right Place at Right Time**
 - 1st benefits – standard configurations, buying standards, Co-Op QEB process
 - Manage commodity in 18-24 months
 - Total benefits 5-7 years
 - **Increase productivity with new technology and DPI process re-engineering**
 - **Educate and Communicate**
-



INDUSTRY BEST PRACTICES

(PRINTER & COPIER FLEETS: **THE GOLD MINE IN THE HALLWAY**)

- **Solutions: Implement some, or all, of the following strategies**
 - **Strategy 1: Rightsizing**
 - **Strategy 2: Deploy Multifunctional Products**
 - **Strategy 3: Purchase Competitively**
 - **Strategy 4: Appoint a Program Management Office**
 - **Strategy 5: Outsource service or utility**

BOTTOM LINE:

- ***Most enterprises can trim their document output fleet spending by 10% to 30% while increasing the level of service they provide to users.***

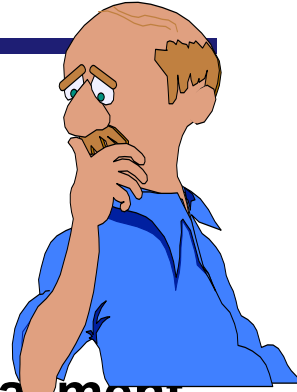


LESSONS LEARNED



LOOKING BACK, WHAT DID WE LEARN?

- **Not just one strategy -- 3 STRATEGIES**
 - *(1) Purchasing; (2) Contracting; (3) Life-Cycle Management*
 - *Most think contracts and technology, not spend shaping*
 - **NOT JUST ABOUT CONTRACTS**
 - Strategy and execution must be linked
- **Need a real BPR of the spend tracking, ordering, receipt, payment process (see backup slides for our problem)**
- **MAJCOM & Air Staff participation was vital and easier than expected**
- **Don't underestimate change management**
- **Brand name loyalty is strong and must be addressed**
- **Bulk buy worked, shaped what was bought, and saved money**
- **Vendor gaming will happen -- expect it**
- **Order close out is difficult with bulk buying**
- **What we expected to be easy was difficult and vice versa**





Critical Success Factors

- **Small horizontal, cross-functional core team surrounded by council experts from the MAJCOMs and Air Staff**
 - **Horizontal organization increases information flow**
 - **Expect members to operate outside their normal areas of expertise**
- **Involve stakeholders, users, experts from Govt and Industry**
- **Thoroughly understand and follow the commercial market**
- **Don't chase bleeding edge technology – focus on commodities**
- **Give special attention to small business considerations**
- **Search for best practices and different perspectives elsewhere**
 - **Listen, Listen, Listen -- helps you with change management**
- **Establish credibility; prove that Govt can implement best commercial business processes**
- **Exploit opportunities as they present themselves (Just do it!)**
- **Don't mandate initially...if it is a good approach, people will use it....start with AF... then open to DOD**
- **Communicate, communicate, communicate**



SUMMARY

- **USAF shifting from tactical to strategic buying**
 - ITCC is charged with shaping AF IT spend
 - Other commodity councils doing the same; sharing lessons
- **IT Commodity Council process**
 - Horizontal, cross-functional organization
 - Time-phased, structured & repeatable approach
 - User involvement integrated into the process
 - Commodity strategies detailed in CAMP Annexes
- **Supports:**
 - **One AF...One Network...One IT Business Strategy**



Backup Slides



Problem: Inadequate Data for Spend Analysis

No AF enterprise-level visibility/management of multiple databases:

- Incomplete, inaccurate, & insufficient data – No MAJCOM/base standardization
- GPC – Need line item detail & official source for data
- IPMS/ITAMS – Limited data entry consistency & rigor
- Small business data sources are inadequate: DD-350 captures only purchases valued at more than \$25,000; No subcontracting credit; lacks detailed categorization of purchases
- AFWAY — usage low (AF-CIO mandate only for desktop/laptops)

BOTTOM LINE: Total IT Spend data is crucial to leveraging Air Force purchasing power



Problem: Inadequate data for Spend Analysis

Inventory Systems (ITAMS/IPMS):

- Contain much of needed data fields
- But data is incomplete, inaccurate, & insufficient
- No MAJCOM/base standardization or data entry policies

Contracting Systems (J001/DD-350):

- Data not captured for purchases valued less than \$25,000
- No subcontracting information for small business under prime contracts
- Inaccurate/inadequate data source for purchases to small businesses
- Lacks detailed categorization of purchases

Financial Systems (GPC/C.A.R.E.):

- Need line detail & official source of data

IT Ordering Tool (AFWay):

- Usage low (AF-CIO mandate only for desktop/laptops)

ISSUE: Systems do not support total IT spend analysis